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Taylor of Caroline seventy years since. The sentiments avowed by the Hartford Conventionists might be incorporated into the "platform" of a Democratic national convention this year without one man in a hundred being aware of their origin, while all Democrats would subscribe to them so long as they should be in ignorance of their source. Much has been said of the strong centralizing tendencies of the existing government as controlled by Congress; but it is not more centralizing than was the administration of Mr. Monroe, of which Mr. Calhoun, Mr. Crawford, and Mr. Wirt were members, — and they were Jeffersonian Republicans. The occurrence of the civil war may have accelerated the development of centralizing principles in this our day, as the occurrence of the second war with England accelerated it half a century since. But if the second development takes place under an anti-Democratic ascendancy, the first happened when the Democratic party was supreme, and master of all the land.

2. — *Letter of the Hon. Hugh McCulloch, Secretary of the Treasury of the United States, to William Gray and others of Boston, May 22, 1867. Boston Daily Advertiser, May 28, 1867.*

It often happens that the unofficial writings of public men assume the importance of state papers. A few weeks ago, after the miscarriage of some liberal amendment to the Reform Bill, a private note of Mr. Gladstone, addressed to one of his supporters, was construed into a personal abdication of the leadership of the great Liberal party of England. Mr. McCulloch's recent letter, declining the honor of a public dinner tendered to him by certain citizens of Boston, has even higher claim to an official character than the familiar talk which he addressed to his neighbors at Fort Wayne in the autumn of 1865. That speech was made and accepted as a declaration of the principles on which the new Secretary proposed to carry on the finances of the country. Having come into office in March, he could make no official report till December. He therefore seized an earlier opportunity to speak to the country through his more immediate constituents. Since that time the Fort Wayne speech has been more often quoted and referred to than any of Mr. McCulloch's official papers. Cabinet ministers in this country, having no seats in Congress such as British ministers have in Parliament, seldom get a chance to speak officially, so that they are forced to seize upon any chance occasion which presents itself to get their views and purposes before the country.

At the present time, when so much depends on the management of

the finances, it is very necessary that there should be a good understanding between the Secretary of the Treasury and the business public. To a large degree he holds their destinies in his hands, and they have a right to know how he intends to deal with them. What he proposes to do in reference to the currency, as to funding his short-time obligations, and as to the disposition of gold and other funds in the treasury, should be foreshadowed as long beforehand as the Secretary himself can clearly see.

In his late letter Mr. McCulloch gives us to understand that the monthly statement for the rest of the present and the early part of the next fiscal year (that is, during the summer and autumn now upon us) will not be as satisfactory as they have been for many months past.*

"The donations or bounties to soldiers, preparations for a threatening Indian war, even if the war itself should be avoided, and very liberal appropriations of a miscellaneous character, will cause unusually heavy drafts to be made upon the treasury; while, on the other hand, the general failure of the wheat crop and the partial failure of the corn crop last year, slow progress in the restoration of the Southern States to their proper relations with the Federal government, the dulness of trade throughout the country,—partly the result of a decrease of production, and partly the natural reaction which always follows periods of excitement and speculation,—together with reduced taxes, will very considerably affect our revenues. This combination of adverse circumstances may retard a return to specie payments, and, with large issues of bonds to be made to the Pacific Railroad and its branches or divisions, will prevent for a brief season a reduction of the public debt, and may even render a temporary increase of it unavoidable; but it will not weaken my faith in our ability to move on again in the right direction at an early day. On the contrary, I believe that this check to our progress will lead to improvements in our revenue laws, and to an increase of efficiency in their execution, hasten the representation in Congress of the Southern States, and secure greater economy in all branches of the public service."

This is a timely warning against the dangers of extravagance. The ease with which money has been raised by taxation since the war

* The public debt reached its maximum on the 31st of August, 1865, when it amounted to \$2,757,803,000. On the 1st of June, 1867, it had been reduced to \$2,515,616,000,—a decline of \$242,187,000 in a period of twenty-one months; an average of more than eleven and a half millions a month. Since October 31, 1866, the reduction has been \$35,809,000, or at the rate of a little over five millions a month. But these payments do not by any means show the magnitude of the work accomplished by the Treasury Department. One of the most uncomfortable features of the debt at the close of the war was the large amount of it unfunded,—being either due at short dates or on demand. In the twelve months ending with June 1, 1867, the amount of this class of debt either paid off or funded into long bonds was more than \$527,000,000. Of this amount \$167,000,000 were temporary loans, and \$28,000,000 greenbacks.

ended, and the vigor with which we have grappled with the public debt, have led to wild and dangerous notions, both in Congress and among the people, as to the extent and availability of our resources. Every day's delay in the passage of bounty bills, and of laws appropriating money to great schemes of internal improvement, helps to open the eyes of the people to the folly and danger of adding to the public debt. The business of the latter years of the war and of the first year of peace was so profitable, that it was an easy matter to pay the taxes; but during the last year it cannot be doubted that many branches of business paid taxes, not from income, but from capital. Such a state of things, if continued, is fatal to the industry involved, and is calculated to awaken the liveliest anxiety. It is just as dangerous for a nation as it is for an individual to consume its substance; and no kind of business which is of a beneficial character, and is suitable to the country, should be permitted to be paralyzed by taxation. The present system of internal taxes is not only burdensome in its rates, but vexatious by the constant repetition of them in the successive processes of production. Although large reductions and simplifications have been made from the crude and wholesale taxes imposed during the war, these must be still further reduced before business can recover a healthy tone.

Added to this inherent difficulty, there has been a variety of untoward circumstances helping to prostrate the industry of the country during the last year. A short cotton crop left the South poorer at the end of the year than at the beginning. They had, therefore, very little to begin the new year with; while the heavy decline in cotton discouraged immigration and the introduction of capital from the North. Southern planting has settled down upon the conditions of an ordinary business, with the speculative element eliminated. In the West the wheat crop was also a failure; and thus another great customer of the Atlantic and Middle States has been restricted in its means of buying. In New England and Pennsylvania, the high cost of production, and the limited and slackening demand for products, have made nearly every class of manufacture unremunerative. The woollen trade, especially, has suffered largely in consequence of our production, during the war, both in goods and machinery. Trade languishes; and commerce and transportation, whether by land or water, find no employment in the absence of production.

In this state of things there is much feverishness in business circles, and, though money is abundant, there is great caution exercised in the investment of it, and a general distrust of credit. Some apprehensions have been felt that the summer would not pass over without a crisis. But convulsions in business, as well as in the human system, come from

fear, and not from exhaustion. Crises, according to Dr. Juglar, result from the abuse of high health, and not from a low state of the system. The most serious danger of a crisis is when the opportunities for profitable investment are so numerous that they are permitted to absorb too much of the working capital of a country. At present there is no lack of working capital, while few industries are profitable enough to attract it, and of money, such as it is, there is abundance. Foreign indebtedness exists almost wholly in the form of Federal bonds, and the extent of domestic credits is very limited. The country is, therefore, neither sufficiently active nor sufficiently in debt to make a general failure probable. It waits and watches; waits for an abundant harvest and a new cotton crop, waits for the remoter remedy of action by Congress in the tax laws, and watches anxiously every movement of the financial machinery of the government. There was never so much financial speculation in the newspapers, never so much financial talk in the streets, the railway cars, and other places of casual meeting. In truth, there are now no questions really so interesting to the whole body of the people as those which relate to the currency, to taxation, and to the policy of the Treasury Department. It may be judged, therefore, with what eagerness the writers of money articles and the frequenters of the exchange have seized upon Mr. McCulloch's letter. It produced a sensible impression on stocks, and was a welcome boon to that class of operators who live by weaving new and intricate combinations, and generally by financial hocus-pocus. On the whole, the bulls have been able to make the most out of it. It is regarded as a favorable feature in the stock market that the public debt is not likely to be reduced as rapidly as heretofore, and that there is to be no considerable reduction of the currency for some months to come. As the circumstances which make this modification of Mr. McCulloch's plans necessary for the time grow out of the unprosperous condition of the country, it is difficult to see how any of the stocks which are dealt in on the exchange — all of them, except the public debt, being the representatives of some industrial interest — can be benefited thereby, and not injured. But it only goes to show how much more the price of stocks depends on the state of the money market than on the condition of industry.

A leading purpose of Mr. McCulloch's letter is to explain why he has not reduced the currency, as he is authorized to do under the law of Congress. The reasons which he assigns are:—(1.) That the majority of Congress was opposed to it, and that, as finance minister, he is especially dependent on them. In reference to this point, it seems to us the Secretary's deference to the opinions of Congress comes a little

late. If he had been more considerate of their opinions on political questions a year ago, they would have paid more deference to his financial counsels during the last session. It will be glory enough for Mr. McCulloch if he can, in his four years' management, fund the public debt, make some sensible progress in its reduction, and bring us back to specie payments. He is a cabinet minister, it is true, and in that capacity one of the advisers of the President; but his chief business is with the treasury, and when he accepted office he did so as the peculiar minister of the House of Representatives. Sir Robert Peel abandoned his party that he might carry the repeal of the corn laws. Could not Mr. McCulloch have managed to avoid a quarrel with Congress, when the good of the country so much required harmony and hearty co-operation between them?

The other reasons which he assigns are:—(2.) That, in the present feverish temper of business circles, with much prevalent misconception of the true function and working of the currency, any considerable reduction of it would increase the distrust, and possibly precipitate disaster. (3.) That the payment of the compound-interest notes falling due this year demanded his first attention, and would in itself operate as a contraction of the currency. These notes are largely held by banks, as a part of their necessary reserve of legal-tender notes. When they are withdrawn, it will be necessary to hold greenbacks in place of them, and thus the effect on the circulation will be the same as withdrawing so many greenbacks. (4.) That, while so many real and grave causes exist to embarrass the business of the country, he does not feel willing to make the contraction of the currency a stalking-horse to cover up the real evils, and prevent the application of appropriate remedies.

We think, in all these excuses, the Secretary betrays a consciousness of impaired influence, both with Congress and the people. We do not think, however, that he has the least reason to distrust his power over the people. The very signatures to the letter inviting him to Boston are a proof that we are right in this opinion; for probably a large majority of the signers have not agreed with Mr. McCulloch's political views. While he may err in particular measures, we believe the Secretary's general line of policy is eminently wise, and so plain as to be understood and approved by all disinterested people;—to fund the debt first, because, as an old banker, he cannot sleep quietly with a debt impending which he is not prepared to pay; to bring us back to specie payments; and then to establish a steady scheme of liquidation, so that the current idea now prevailing in the country, that the debt is not to be a permanent burden, but to be paid in one or two generations, may

never be abandoned ; and combined with these measures, and as accessory to all of them, a better revenue system, which shall tax the people without overburdening them. Of some of these measures we shall speak in noticing other publications.

The concluding passages of the letter aver the confidence of the Secretary in the correctness of his past measures, and his purpose to adhere to the same policy in future ; through which he feels sure that he can bring the country out of present shadows into the sunlight of prosperity. They are as follows : —

“ I am as much persuaded as ever of the importance of an early return to specie payments, and of a reduction of the currency, as a means of checking extravagance and speculation, and of increasing production, without which all efforts to restore permanently the specie standard will be ineffectual. What the country needs, in order that specie payments may be resumed and maintained, and real prosperity secured, is an increase of industry, and a restoration of our former habits of economy. As a people, among ourselves, we must earn more and spend less. In our trade with foreign nations, we must sell more or buy less. Any different prescription for existing financial evils is, in my judgment, quackery. That contraction will tend to bring about this desirable condition of things, I have never doubted. . . . It has been my constant aim so to manage the national finances as to aid in bringing the country to a healthy financial condition, without being subjected to the severe disasters which many judicious persons have supposed a large debt, and the derangement of business, and the diminution of industry, occasioned by the war and a redundant currency, would render inevitable. My faith that this can be accomplished is unshaken. The causes which are now operating against us are exceptional and temporary. . . . The people are beginning again to comprehend this important truth, which seems to have been disregarded for some years past, that prosperity is the result of labor ; that industry and economy are indispensable to national, as well as to individual wealth. I shall be grievously disappointed if another year does not witness a large increase of industry, of enterprise, and of revenue, decided progress toward a resumption of specie payments, and a steady reduction of the public debt.”

3. — *On the Collection of Revenue.* By EDWARD ATKINSON. Boston : A. Williams & Co. May, 1867.

THIS is a valuable contribution to the free-trade side of the revenue controversy now going on in the United States ; more valuable, in one respect, than the elaborate treatises of Professor Perry and Mr. Amasa Walker, since the author is a practical manufacturer, and his branch of business — cotton-spinning — is one of those which, in the past, have especially demanded and received the benefits of a protective tariff.